

2002 Supplemental Transportation Budget Executive Summary

ESHB 2451

Enacted

Transportation Budget Comparisons (Dollars in Millions)

1999-01 Transportation Funding

1999-01 Final Funding Level	\$3,301
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2001-03 Transportation Funding

2001-03 Funding	* \$3,403.3
Narrows Bridge Bonds	\$800.0
2002 Supplemental Expenditure Differences	(\$33.6)

Revised 2001-03 Funding	\$4,169.7
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**Includes \$47 million in reappropriated Narrows Bridge funding. By FY 02, the agency had not spent \$39 million of the reappropriation.*

Note: \$308 million in bond retirement and interest amounts are not included.

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2001-03 Budget Challenges: \$165.6 Million

Funding Challenges

- In 2001, the original 2001-03 Omnibus Operating Budget provided support to transportation on the expectation of \$100 million in funding through anticipated enactment of 2ESSB 6166 (the LOEFF bill). This support did not materialize as 2ESSB 6166 failed to pass the 2001 Legislature.
- Additional revenue losses resulted over the past year from a decline in federal funds and other miscellaneous revenues.

Emerging Budget Issues:

- The Transportation Budget assumes one-time expenditure responsibility for State Patrol functions previously funded by the General Fund.
- An increased demand on the State's self-insurance fund increased the premiums paid by transportation agencies.
- Additional expenditures were incurred due to increases in Attorney General and ferry insurance costs, local government statutory mandates, and a need for increased ferry security following the attacks of September 11, 2001.

Revenue Shortfalls: \$121.5 Million

\$70 million reduction resulted from a transfer of revenue from the Multimodal Account to the General Fund. If 2ESSB 6166 had been enacted, the funding would have been replaced by LEOFF funds.

\$30 million reduction resulted when funds were not transferred to the Puget Sound Ferry Operations Account from the Pension Asset Reserve Account as contemplated in the LEOFF bill during the 2001 session.

\$21.5 million reduction in federal funds, forecast adjustments, and overestimated re-appropriations.

New Expenditures: \$44.1 Million

\$14.9 million increase to adequately fund transportation's share of the self-insurance fund.

\$14.4 million to fund bills passed by the Legislature, office leases, and other maintenance level expenditures.

\$12.6 million additional for one-time transportation funding of State Patrol General Fund activities.

\$2.2 million to enhance security of the state ferry system.

2001-03 Budget Solutions: \$166.9 Million

Revenue losses and new liabilities are partially mitigated through reductions in programs, transfers of available fund balances, and cost-recovery related increases in several license fees.

Revenue Adjustments: \$33.4 million

- **\$33.4 million** generated through fee increases designed to allow Department of Licensing (DOL) to reach cost recovery on selected services. (SB 6814)

Expenditure Adjustments: \$133.5 million

- **\$21.2 million** in cost of living and pension rate withholding reductions along with **\$112.3 million** in funding adjustments.

Balancing the 2001-03 Budget:

Problems:

Revenue shortfalls	\$121.5 million
New budget needs	<u>\$44.1 million</u>
*Total	\$165.6 million

Solutions:

Expenditure reductions	\$112.3 million
Department of Licensing fee increases	\$33.4 million
COLA and pension withholding reductions	<u>\$21.2 million</u>
*Total	\$166.9 million

*Does not include increased expenditure authority for the Transportation Improvement Board and the County Road Administration Board to the extent that available fund balance in their dedicated accounts was available (\$35 million).

Transportation Expenditures:

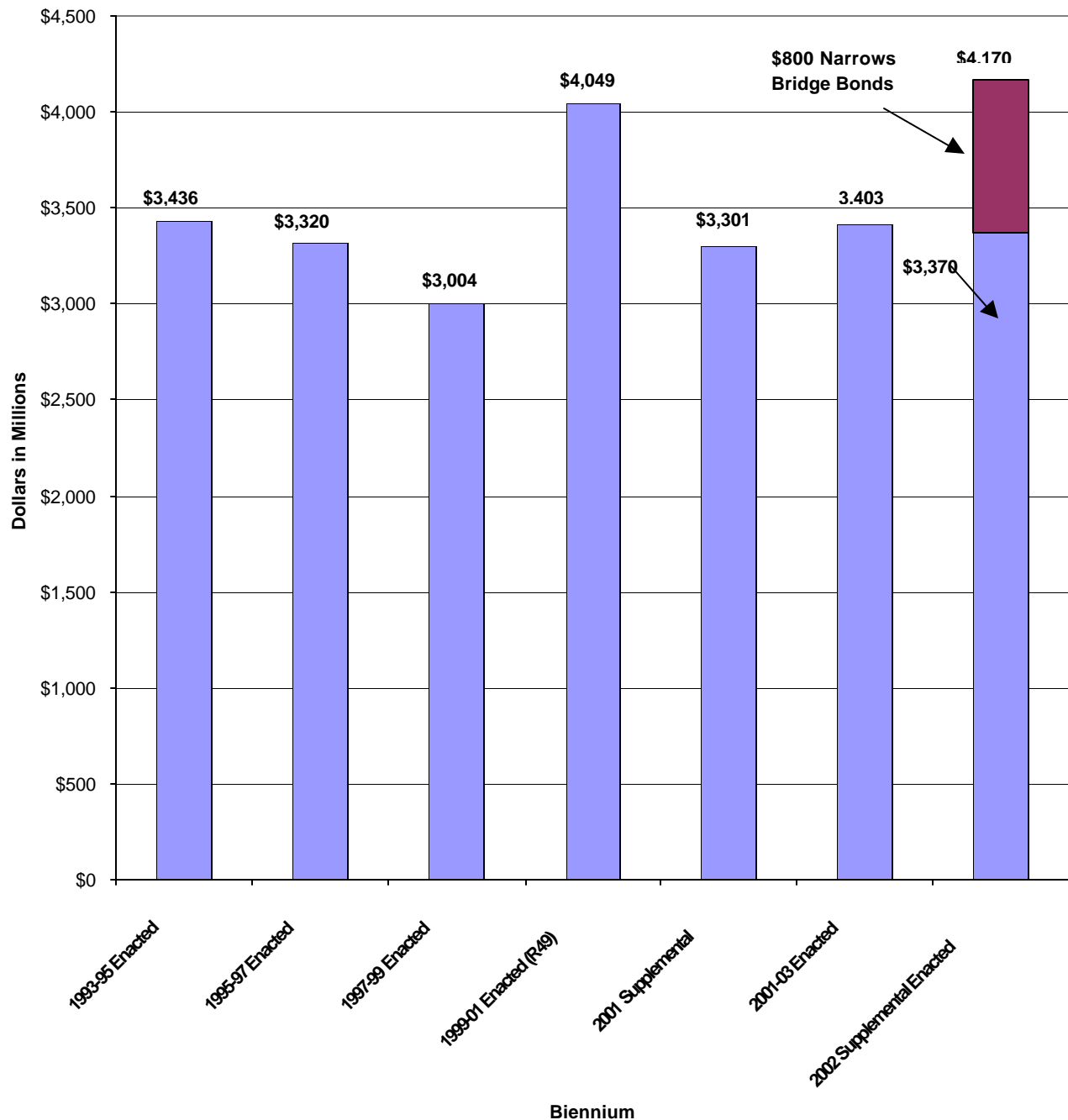
The net reduction in transportation expenditure authority of \$33 million is a compilation of expenditure changes, which includes:

- \$112 million in reductions;
 1. \$66 million in reductions to the Department of Transportation (DOT) Improvement Program. This includes project deferrals of \$40 million and re-appropriation adjustments for project dollars spent in 1999-01;
 2. Other reductions include \$21 million in the DOT Highway Preservation Program for earthquake repair work where the actual costs were lower than the initial planned costs;
 3. \$10 million in Ferries for deferred preservation on vessels and terminals and \$12 million in savings for lower fuel costs; and,
 4. \$3 million are program reductions and technical adjustments.
- \$35 million in Transportation Improvement Board and County Road Administration Board fund balance appropriations; and,
- \$44 million in new authority for emerging issues, security enhancements and technical adjustments.

Tacoma Narrows Bridge

EHB 2723 revised the financing for the Tacoma Narrows Bridge project by allowing the use of state bonds to finance construction the bridge (Chapter 114, Laws 2002). The supplemental budget implements the change by appropriating \$839 million for the project. Of that amount \$800 million is provided from the proceeds of the sale of state bonds and \$39 million is transferred from the Motor Vehicle Account to the Tacoma Narrows Bridge Account.

Transportation Appropriations 1993-95 to Present Biennium



Highlighted Revisions in Appropriation Authority:

Department of Transportation

Additions:

- \$800 Million for construction of a second bridge over the Tacoma Narrows.
- \$14.9 Million for increased self-insurance liability premiums.
- \$1 Million for ferry insurance premium increase.
- \$900,000 for maintaining existing levels of passenger rail service.
- \$398,000 for US v. Washington (Culverts) legal case preparation
- \$350,000 for grants to local airports.
- \$300,000 for Public Private Initiative Study.
- \$147,000 state match for federal aviation planning grants.

Reductions:

- \$60 Million to the Improvement Program for project deferrals and re-appropriation adjustments.
- \$21 Million to the Preservation Program for earthquake repair over estimates.
- \$11.7 Million for ferry fuel price reductions.
- \$518,000 reduction for motorist information panel program.

County Road Administration Board

- \$8.7 Million for additional grants to counties.

Transportation Improvement Board

- \$25.9 Million for additional mobility improvement grants to local jurisdictions.

Washington State Patrol

Additions:

- \$12.6 Million for one time General Fund assistance.
- \$1.9 Million for Sate Ferry Security.
- \$243,000 for MCSAP Grant Increase.
- \$137,000 for Weigh in Motion maintenance.

Reductions:

- \$1 Million for technical adjustments.
- \$455,000 for agency identified savings in commissioned officers overtime, mission vehicles, cell phone usage, supplies, equipment, travel, training and fuel.

Department of Licensing

Additions:

- \$1.4 Million to implement bills passed by the Legislature.
- \$1.1 Million for commercial driver license fraud.
- \$1.1 Million for field system equipment.
- \$1 Million for technical adjustments.
- \$350,000 for motorcycle training.
- \$109,000 for system management software.